REPORTABLE

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ **FAO NO. 228/2005**

Date of Decision: 16th January, 2007.

M/S ANSUL INDUSTRIES .. APPELLANT
Through: Dr. Abhishek Manu Singhvi, Sr. Advocate with Mr. S.K. Bansal, Mr. Nalin Talwar, Mr. Tarun Singla, Mr. Suwarn Rajan, Mr. Ajay Amitabh Suman & Mr. Pankaj, Advocates.

VERSUS

M/S SHIVA TOBACCO COMPANY .. RESPONDENT
Through: Mr. C.A.Sundram, Sr. Advocate, Mr. N.K. Kaul, Sr. Advocate with Mr. Gurvinder Singh & Ms. V. Mohini, Advocates.

CORAM:
HON'BLE MR. JUSTICE SANJIV KHANNA

1. Whether Reporters of local papers may be allowed to see the judgment?

2. To be referred to the Reporter or not ? YES

3. Whether the judgment should be reported in the Digest ? YES

SANJIV KHANNA, J:

1. The appellant, M/s Ansul Industries, and the respondent, M/s Shiva Tobacco Company, both manufacture and sell chewing tobacco. Chewing tobacco manufactured/sold by the appellant is marketed under the trade mark 'Udta Panchhi' and the

chewing tobacco manufactured/sold by the respondent is marketed under the brand name 'Panchhi Chaap'.

2. The respondent claims that they started using the brand name 'Panchhi Chaap' in 1973 and is also the registered user of the said trade mark label under the Trade and Merchandise Marks Act, 1958 (hereinafter referred to as the Act) since in 1974. The appellant claims his lineage to the trade mark 'Udta Panchhi' through Mr. Krishan Bansal, father of Mr. Anand Bansal, sole proprietor of the appellant. It is claimed that Mr. Krishan Bansal adopted the trade mark 'Udta Panchhi' in March, 1982.

3. Learned trial court by the impugned order dated 30th July, 2005 has allowed application of the respondent under Order XXXIX, Rule 1 and 2 of the Code of Civil Procedure, 1908 (hereinafter referred to as the Code, for short) and restrained the appellant from using the mark “Panchhi”. While doing so, learned trial court has held that the respondent being a prior user and a registered owner of the mark “Panchhi” is entitled to injunction against the appellant notwithstanding the delay in approaching the Court and in filing the suit for permanent injunction. The respondent filed the suit for permanent injunction against the

appellant in 1997.

4. Number of contentions have been raised by the appellant and the respondent. For proper appreciation, I have discussed these contentions under different heads :

(A) ***Whether the marks 'Udta Panchhi' and 'Panchhi Chaap' are deceptively similar.***

5. In a world where consumer has bewildering choices and options to purchase products, manufacturers and dealers have used marks to identify their products and distinguish them from others. With passage of time manufacturers and traders acquire goodwill associated with the marks. Common law protects invasion into the proprietary rights of a trader/manufacturer who has acquired goodwill in a mark. On invasion of the said proprietary right, the owner or the proprietor of the mark has right to initiate passing off action against the infringer. This action is based on deceit and the proprietor in order to succeed has to prove actual passing off or that the use of the mark had actually caused confusion or damage. He is also to prove and establish that the mark is associated and identified with the goods of the said proprietor and the infringer is using the said mark or a deceptively

similar mark with the object of inducing customers to buy goods that do not belong to the proprietor.

6. The above quasi proprietary right in common law was given statutory recognition under the Act. On registration of a mark, the registered proprietor is entitled to enforce his statutory right against the infringer without having to establish and prove goodwill in the mark and its association with the claimant. On registration of the mark, certain statutory rights flow from the statute. When a statutory right is challenged, the registered proprietor is entitled to initiate action for infringement.

7. In Anglo-Dutch, Colour & Varnish Works Pvt. Ltd. v. India Trading House, AIR 1977 Delhi 41, this Court after referring to decisions of the Supreme Court has laid down the following tests for comparing two marks:-

> "(i) The question whether the two marks are so similar as likely to cause confusion or deceive is one of the first impression. It is for the court to decide this question.
>
> (ii)The question has to be approached by applying the doctrine of fading memory, i.e., form the point of view of a man of average intelligence having imperfect recollection
>
> (iii) Whether the overall visual and phonetic similarity of the two marks is likely to deceive

> such man or cause confusion that he may mistake the goods of the defendant for those of the plaintiff.
>
> (iv) The other questions are:-
>
> (i) Who are the persons who are likely to be deceived, and
> (ii) What rules of comparison are to be adopted in judging whether such resemblance exists."

8. The question of infringement under Section 29 of the Act is decided whether the mark of the defendant is 'likely to deceive or cause confusion'. In Amritdhara Pharmacy v. Satya Deo Gupta AIR 1963 SC 449 Supreme Court referring to Kerly on Trade Marks, 8th Edn. Observed :

> "For deceptive resemblance two important questions are:
>
> (*1*) who are the persons whom the resemblance must be likely to deceive or confuse, and (*2*) what rules of comparison are to be adopted in judging whether such resemblance exists. As to confusion, it is perhaps an appropriate description of the state of mind of a customer who, on seeing a mark thinks that it differs from the mark on goods which he has previously bought, but is doubtful whether that impression is not due to imperfect recollection."

9. Supreme Court also quoted Parker, J. in Pianotist Co. Application, Re, as under—

> "You must take the two words. You must judge

> of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion, that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods — then you may refuse the registration, or rather you must refuse the registration in that case."

10. Case law on the subject was examined by the Supreme Court in Cadila Health Care Ltd. Vs. Cadila Pharmaceuticals Ltd., reported in 2001(5) SCC 73. It was held that it was necessary to apply both the visual and phonetic or sound tests. The question whether the two marks were likely to cause confusion and deception in the mind of the buyers was decided on the basis of first impression. It was observed:

> "With respect, we are unable to agree that the principle of phonetic similarity has to be jettisoned when the manner in which the competing words are written is different and the conclusion so arrived at is clearly contrary to the binding precedent of this Court in Amritdhara case AIR 1963 SC 449, where the phonetic similarity was applied by judging the two competing marks. Similarly, in Durga Dutt Sharma case AIR 1965 SC 980, it was observed that:

> "In an action for infringement, the plaintiff must, no doubt,make out that the use of the defendants mark is likely to deceive, but where the similarity between the plaintiffs and the defendants mark is so close either visually, phonetically or otherwise and the court reaches the conclusion that there is
>
> an imitation, no further evidence is required to establish that the plaintiffs rights are violated."

11. Thus it is well settled that when the question whether the mark causes or is likely to cause deception or confusion arises before a Court, the standard applied is not that of a vigilant consumer or a trader, but standard of an unwary normal customer of the said product. The Court has to consider and examine whether a consumer of the product is likely to be deceived or confused after examining broad and dominant features of the two marks and whether there is overall similarity that is likely to mislead a purchaser. Both the marks have to be considered as a whole.

12. Question of confusion cannot be decided by keeping the two marks by each other and noting similarities and differences between the two marks. Right in a trade mark is with reference to trade and commerce. Question of deception and confusion has to be examined and dealt with from commercial point of view. The law gives protection to the

proprietor of the trade mark if there is likelihood of deception or confusion. The impression created by looking at the two marks and the significant feature and idea behind the two marks that would be formed in the mind of the purchaser is the relevant criteria. Similarity and affinity in sound is also an important criteria. Ocular comparison is not decisive. Sound test is important as customers ask for the goods by name.

13. Even when action for passing of under common law is initiated, the essential features of both the marks are taken into consideration to examine whether the alleged infringer is passing of his goods as that of the other and causing injury to goodwill and business of the other.

14. Chewing tobacco is used by illiterate and semi literate consumers. We have to examine the question of deception or confusion or likelihood thereof, from the eyes of the said consumers. The word “Panchhi” in the mark 'Udta Panchhi' and 'Panchhi Chaap' enjoy prominence and is the focal point of the two marks. Colour of the packing may be different but likelihood of deception and confusion is likely to result due to phonetic similarity and the use of the word “panchhi” in both the marks. The shop keepers selling chewing tobacco in many

cases will be illiterate or semi literate. Invariably customers ask for product of this kind by its name “Panchhi”. Some consumers are also likely to believe that the two products are from the same source.Picture of the flying bird is another essential feature of the two marks, which is common to both. Thus, there cannot be any doubt that deception or confusion is likely to arise in view of the similarity in the trade mark 'Udta Panchhi' and 'Panchhi Chaap'.

(B) Whether injunction should be denied on the ground of delay and laches.

15. This was a core question on which parties had addressed arguments in great depth and detail.

16. A few prima facie facts may be noticed. Partnership firm Shiva Tobacco Company of Mr. Shiv Prasad Aggarwal, Mr. Rattan Kumar Aggarwal, Mr. Mahender Kumar Bansal and Mr. Rajender Mohan (minor) adopted the trade mark 'Panchhi Chaap' and started marketing chewing tobacco under the said mark. They applied for registration of the said mark, which was allowed on 13th July, 1977 with effect from 6th July, 1974.

17. Mr. Krishan Bansal, father of Mr. Anand Bansal, as per the appellant started marketing chewing tobacco under the mark

'Udta Panchhi' on 12th March, 1982. At that time he was doing business as a sole proprietor of Bansal Tobacco Store.

18. The suit for injunction was filed by the respondent on 15th May, 1997. On this ground it was submitted by the appellant that the suit was filed after nearly 15 years from the date the predecessor in interest of the appellant, i.e. father of Mr. Anand Bansal, adopted the trade mark 'Udta Panchhi' for selling chewing tobacco.

19. However, the respondent had submitted that laches or delay was not a good ground to deny injunction in a case of infringement. It was stated that in case of a registered mark, question of delay and laches was not relevant as the suit/injunction application is based upon a statutory right. Secondly, delay by itself was not material unless there was acquiescence or consent. Lastly, the appellant was guilty of deceitful and dishonest initial adoption or fraud and, therefore, not withstanding allegation of acquiescence, injunction must follow.

20. The appellant, on the other hand, submitted that delay and laches was an important factor, when an owner of trade mark allows and permits third parties to market and sell their

products under a similar trade mark. In these circumstances principles of acquiescence apply. Reference was made to doctrine of reverse confusion. It was pointed out that the sales of the appellant were much more than the sales of the respondent.

21. Whether delay or laches can non - suit, a proprietor of a trade mark or dis-entitle him from claiming interim injunction or injunction, has been subject matter of controversy and discussion in several decided cases. These judgments may now be noticed.

22. This court in the case of Fair Deal Corporation (P) Limited versus Vijay Pharmaceuticals, reported in 1985 PTC 80, vacated the interim injunction granted in favour of the plaintiff, after holding that by conduct the plaintiff had allowed the defendant therein to believe that it could market its products under the mark, which it was contended, offended the registered mark. A similar approach has been adopted in Gillette Company and Others versus A.K. Stationery and Others reported in 2001 PTC 513. In this case reference was made to earlier decision of this Court in Shri Gopal Engineering and Chemical Works versus P.O.M.X Laboratory reported in AIR 1992 Delhi 302 and Peshawar Soap and

Chemicals Limited versus Godrej Soap Limited reported in 2001 PTC 21. However, while dealing with these two cases, learned judge noticed that in the case of Shri Gopal Engineering (supra) there was unexplained delay coupled with concurrent use and in the case of Peshawar Soap (supra), there was acquiescence and the rival was allowed to build up his reputation. Acquiescence it was held gave legal legitimacy to the non-exclusive user of the descriptive word, which if contemporaneously challenged, would have entitled the first user to injunction. Reference was made to judgment of the Supreme Court in Wander Limited and Another versus Antox India Private Limited reported in (1991) PTC 1 SC, wherein it was held that object of interlocutory injunction was to preserve status quo but at the same time the Court can on the basis of prima facie case restrain the defendant from causing injury to the plaintiff. The Court while doing so, had to weigh the need of the plaintiff and the defendant and determine the balance of convenience. In other words, the Court had to consider equities and prejudice which were likely to be caused by granting an interim injunction order.

23. In the case of Standard Electricals Limited versus Rocket

Electricals and Another reported in (2004) 28 PTC 26, another single Judge of this court after examining the principles governing grant of ad interim injunction, inter alia, held that as both the parties had been using the mark “standard” for last 20 years and there was no constructive or visual resemblance and goods of both the parties were advertised and prima facie had carved out market for each product and had not caused any confusion or deception in the trade, interim injunction should not be granted. It was held that balance of convenience was not in favour of the plaintiff therein. However, learned Judge also noticed that delay or laches by itself alone was not a good ground to refuse interim injunction. It was held that common law remedy for passing off action cannot be defeated by delay or inaction itself. In the said case, the Court also found that a number of other parties had been using the trade mark “standard” with suffix and pre-fix in relation to electrical, allied or cognate goods but that had not caused any confusion and deception in the minds of the consumers/traders and, therefore, prima facie it was held that the marks were not similar and identical so as to cause deception.

24. In the case of Shri Gopal Engineering (supra), Jaspal Singh, J. invoked the doctrine ***vigilantivus non-dorminentibus suppetit*** (If you want law to help, you must keep awake) to deny interim relief of injunction. However, the Court noticed decision of this Court in Hindustan Pencils Private Limited versus India Stationery Products Company, reported in AIR 1990 Delhi 19, and held that in the said case the use of the mark was fraudulent and on coming to know of infringement the plaintiff therein had filed an application for cancellation of the registration of the copyright. It was held that the defendant 's adoption of the mark in Shri Gopal case was honest and concurrent and there was nothing to show that the presence of the defendant had caused any prejudice.

25. In the case of Hindustan Pencils Private Limited and Others versus Universal Trading Company reported in 2000 PTC 561, a Division Bench of this court noticed that both the parties had been using the same mark for nearly 20-26 years and it was held that the goods belonging to the two parties did not belong to the same category and, therefore, there was no question of deception or confusion. The registration of mark in favour of one party, did not apply to the goods manufactured

and sold by the other party. The Court also came to the conclusion that there was honest concurrent user covered by Section 12(3) of the Act. Another ground that persuaded the Court to dismiss the appeal was that an application for registration of trade mark was moved by the defendant therein, to which opposition was filed but the same was abandoned by the plaintiff. The business of the defendant thereafter had expanded and prospered and, therefore, he would have suffered serious prejudice and hardship in case interim injunction was granted.

26. In the case of Swarn Singh Trading versus Usha Industries and Another reported in AIR 1986 Delhi, 342, Division Bench of this Court held that delay in matter of applying for injunction in some cases could be fatal. However, while dealing with a statutory right, delay itself did not destroy the right to apply for injunction. An exclusive right to use registered trade mark cannot be reduced to a nullity. However, in a case of a similar mark as opposed to the same mark, concurrent user coupled with delay could be a ground to refuse injunction. Here again the Court carved out an exception and held where common public could be deceived

into purchasing goods belonging to the registered proprietor, it was the duty of the court to protect the registered mark. The Court should not refuse injunction even if there was some delay when the mark was the same as it would tantamount to permitting a fraud being practiced on the unwary customers.

27. Reliance was also placed by the appellant on the decision of the Karnataka High Court in the case of Rangoon Chemical Works Private Limited versus Royal Medicals reported in (1997) PTC 17. In this case the learned Judge noticed that there was inordinate delay of at least 20 years in filing the suit, though the products of the defendant therein had been in the market for nearly three decades and, therefore, balance of convenience was not in favour of granting injunction, as the party seeking injunction had remained quiet and allowed the other side to expand and develop its business. Asking the defendant after three decades of hard work to change and adopt a different mark would have caused a serious hardship.

28. In the Power Control Appliances versus Sumeet Machines Private Limited reported in (1994) 2 SCC 448, the plea taken by the second user was that of an implied consent or at least waiver. It was stated that the registered owner had dis-entitled

himself from grant of equitable relief by reason of unexplained delay and suppression of facts. It was also stated that the balance of convenience was in favour of the second user. The Supreme Court referred to Section 30(1)(b) of the Act and held that acquiescence was one of the defences available. Acquiescence it was held was standing by, when another person was evading the proprietor's rights and was spending money on his trade mark. Acquiescence was course of conduct inconsistent with claim for exclusive rights on a trade mark. It implied positive act and not merely silence or want of any action. Acquiescence was only a facet of delay and was established when the registered owner knowingly stands by and allows the second user to build up an important trade. Acquiescence it was held leads to an inference of grant of a licence, sufficient to create a new right in the second user. In such cases, it was necessary to establish that the registered owner stood by and knowingly allowed the second user to proceed and spend money in ignorance of the fact that the registered owner had right and means to insert the said right. Distinction was made between mere negligence and acquiescence.

29. In Midas Hygiene Industries (P) Limited versus Sudhir Bhatia reported in (2004) 3 SCC 90, it was held that in cases of infringement of trade mark, normally an injunction order must follow and mere delay in bringing an action was not sufficient to defeat right to injunction. Grant of injunction also follows when prima facie it was established that adoption of mark itself was dishonest. It may be relevant to state here that in the case Midas Hygiene Industries (P) Limited, Division Bench of this Court had held that delay and laches had dis-entitled the plaintiff to grant of interim injunction.

30. This Court in the case of Hindustan Pencils Limited versus India Stationery Products Company and Another, (1989) PTC 61 had observed that inordinate delay by itself was not analogous or similar to laches. Mere passage of time cannot constitute laches but if, the alleged infringer was lulled into a false sense of security and the alleged infringer had acted relying upon the said lapses, question of laches can be examined and gone into as the Court always has discretion to pass an interim injunction order. While dealing with the concept of acquiescence, it was explained that the same was different form delay and laches. Reference was made to the

explanation given by Kerly on Trade Marks, wherein it was observed that in a classic case of acquiescence, the proprietor knowing his rights does nothing, that the infringer ignores them. The Proprietor had encouraged the infringer with the result that the infringer acts upon his mistaken belief and worsens his position. Kerly held that until and unless the conduct of the proprietor was unconscionable, defence of acquiescence or laches was not sufficient. Kerly, however, made a distinction between the defence based on delay and laches and cases where a mark has become "public juric". Reference was also made to Electrolux versus Electrix reported in 71 RPC 23 wherein five different pre-requisites for establishing acquiescence in the nature of fraud were required to be considered and satisfied before relief of injunction could be denied to the proprietor. The Court, however, noticed that the question of acquiescence and laches was a grey area and sometimes courts had refused to grant interim injunction on the said ground, though it cannot be a valid ground to deny relief of permanent injunction. This distinction between interim injunction and permanent injunction did not find favour with the court.

31. Distinction was also made in a case of a fraudulent infringer, who has knowingly and deliberately violated the rights of the proprietor. A person who had deliberately infringed upon another's mark, it was held, cannot complain and hide behind defence of delay, laches or acquiescence, as the infringement at the very initial stage itself was fraudulent. Delay and laches by itself would not bestow, fraud with character of legality. Reference was also made to Mc CARTHY on Trade Marks wherein it was observed that the Court must also take into consideration necessity to protect third party interest i.e. the general public or the buyer of the goods. It was the right of the public not to be deceived and confused. After examining various aspects this Court held as under:

> "30. It would appear to be difficult to accept that relief of temporary injunction should not be granted, because of the delay on the part of the plaintiff, even though the Court feels, at that point of time, that ultimately permanent injunction will have to be granted.
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> 31. Even though there may be some doubt as to whether laches or acquiescence can deny the relief of a permanent injunction, judicial opinion has been consistent in holding that if the defendant acts fraudulently with the knowledge that he is violating the plaintiff's rights then in that

case, even if these is an inordinate delay on the part of the plaintiff in taking action against the defendant, the relief of injunction is not denied. The defence of laches or inordinate delay is a defence inequity. In equity both the parties must come to the Court with clean hands. An equitable defence can be put up by a party who has acted fairly and honestly. A person who is guilty of violating the law or infringing or usurping somebody else's right cannot claim the continued misuse of the usurped right. It was observed by Romer, J. in the matter of an application brought by J.R Parkington and Coy. Ld., 63 RPC 171 at page 181 that "in my judgment, the circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been a honest user. If the user in its inception was tainted it would be difficult in most cases to purify it subsequently". It was further noted by the learned Judge in that case that he could not regard the discreditable origin of the user as cleansed by the subsequent history. In other words, the equitable relief will be afforded only to that party who is not guilty of a fraud and whose conduct shows that there had been, on his part, an honest concurrent user of the mark in question. If a party, for no apparent or a valid reason, adopts, with or without modifications, a mark belonging to another, whether registered or not, it will be difficult for that party to avoid an order of injunction because the Court may rightly assume that such adoption of the mark by the party was not an honest one. The Court would be justified in concluding that the defendant, in such an action, wanted to cash in on the plaintiff's name and reputation and that was the sole,

primary or the real motive of the defendant adopting such a mark. Even if, in such a case, there may be an inordinate delay on the part of the plaintiff in bringing a suit for injunction, the application of the plaintiff for an interim injunction cannot be dismissed on the ground that the defendant has been using the mark for a number of years. Dealing with this aspect Harry D. Nims in his "The Law of Unfair Competition and Trade-Marks". Fourth Edition, Volume Two at page 1282 noted as follows:

"Where infringement is deliberate and wilfull and the defendant acts fraudulently with knowledge that he is violating plaintiff's rights, essential elements of estoppel are lacking and in such a case the protection of plaintiff's rights by injunctive relief never is properly denied. "The doctrine of estoppel can only be invoked to promote fair dealings".

32.It would appear to me that where there is an honest concurrent user by the defendant then inordinate delay or laches may defeat the claim of damages or rendition of accounts but the relief of injunction should not be refused. This is so because it is the, interest of the general public, which is the third party in such cases, which has to be kept in mind. In the case of inordinate delay of laches, as distinguished from the case of an acquies-cence, the main prejudice which may be caused to the defendant is that by reason of the plaintiff not acting at an earlier point of time the defendant has been able to establish his business by using the infringing mark. Inor-dinate delay or laches may be there because the plaintiff may not be aware of the infringement by the defendant or the plaintiff may consider such infringement by the defendant as not being serious enough to hurt the plaintiff's business. Nevertheless, if the

> Court comes to the conclusion that prejudice is likely to be caused to the general public who may be misled into buying the goods manufactured by the defendant thinking them to be the goods of the plaintiff then an injunction must be issued. The Court may, in appropriate cases, allow some time to the defendants to sell off their existing stock but an injunction should not be denied."

32. Calcutta High Court in the case of Allergen Inc. versus Milment Oftho Industries and Another reported in 1999 PTC 19 examined the question of laches and delay and held that the infringer cannot rely upon the goodwill, if any, they had built up after receiving objection from the proprietor. Reference in this regard was made to judgment of the Supreme Court in the case of N.R. Dongre versus Whirlpool Corporation reported in (1996) 5 SCC 714. Persistence of the infringer, it was held, cannot be a factor to deny interim relief when interest of general public required protection from deception and confusion. In such cases delay was of no consequence. Delay it was observed cannot defeat the proprietor's right if the alleged infringer had expanded his business after being put to notice.

33. This Court again in Revlon Incorporate versus Sarita Manufacturing Company reported in 1997 PTC 17, examined the question of delay and laches. The defendants therein

were using the trade mark Revlon openly and continuously since 1969. They had also advertised in various media. This Court relied upon judgment in the case of Hindustan Pencils (supra) and Dr. Ganga Prasad Gupta and Sons versus S.C. Gudimani, reported in AIR 1986 Delhi 329, and held that injunction cannot be denied on the ground of delay. However, I may mention here that in the said case, the considerations that weighed with the Court was that no explanation was given by the infringer as to how they came to adopt the trade mark Revlon. It was held that the adoption of the said trade mark was not honest and, therefore, delay and laches were not a good ground to deny relief. Similarly, in the case of Novartis AG versus Wanbury Limited and Another reported in 2005 (31) PTC 75 it was held where adoption of the mark itself was dishonest and fraudulent, mere delay in bringing action for infringement for trade mark was not a ground to deny injunction and to non-suit the proprietor if otherwise his claim was genuine. Difference was made between mere negligence and acquiescence. The Court also referred to the importance of honesty of user by the alleged infringer. The second user was required to show circumstances leading to adoption of the

trade mark at the first instance.

34. Recently, Supreme Court again examined this issue in Ramdev Food Products Private Limited versus Arvind Bhai Ram Bhai Patel reported in (2006) 8 SCC 726. It was held that defence of acquiescence could be upheld if the proprietor assents to or stands by in relation to acts by another person. The Court felt that lapse of time, unless accompanied by other reasons by itself, alone was not sufficient to deny grant of interim injunction. Where the alleged infringer had built up trade with the specific knowledge of the proprietor, the prejudice suffered by the infringer was a relevant factor and an additional circumstance to deny injunction.

35. In the case of Whirlpool Appliances Ltd. versus N.R. Dongre reported in 1996 PTC 415, learned single Judge and in the case of Whirlpool Appliances Ltd. versus N.R. Dongre reported in 1996 PTC 476, the Division Bench after examining the various provisions of the Act in depth and detail had come to the conclusion that registration of a mark does not create a trademark. Registration exists independently. Registration gives statutory protection to the proprietor. The Act stipulates consequence of registration. With reference to

Sections 28(3), 30 (1)(b), 31 and 33 of the Act and it was held that a proprietor of a registered mark cannot file or initiate infringement action against another registered proprietor of an identical or similar mark. However, registered user had exclusive right in relation to goods against third persons in respect of which it had been registered. The Act, however, did not give protection to a registered user against a prior user even if the prior user had not registered his mark. A prior user was entitled to initiate passing off action even against the registered user. The Act by itself did not destroy vested rights of the prior user under the common law even against the registered user.

36. On reading the above judgments, the following broad principles can be culled out:

37. A proprietor of a registered mark is entitled to statutory rights and on infringement of those rights, he can initiate appropriate action for injunction and damages. The person against whom action is initiated can defend himself against proceedings for infringement on the basis of statutory defences available to him under the Act, specially Section 30 as well as defences available to him under the common law.

38. Implied or express consent to use of a trademark under Section 30(1)(b) of the Act is a statutory defence to a suit for infringement. Consent involves affirmative acceptance and not merely standing by and absence of objection. Affirmative acceptance can be in writing and can be termed as express consent. Implied consent can be oral and by conduct. The conduct, however, must indicate acceptance and not mere inaction or inactivity. Inaction in every case without anything more does not lead to an inference of implied consent. However where the plaintiff has laid by and inspite of his right by his conduct has encouraged the defendant to alter his condition and the latter has acted upon this faith of encouragement so held out, the plaintiff loses his claim to claim injunction. This is clear from the decision of the Supreme Court in the case of Sumeet Machines (supra) which has been quoted with approval in the case of Ramdev Foods (supra).(See also P. John Chandy and Co. (P) Ltd. Vs. John P. Thomas (2002) 5 SCC 90). Where there is consent, action for infringement must fail. Consent whether implied or express is a complete defence to action for infringement.

39. When infringement action is initiated on the basis of a

registered mark and prayer for interim injunction is made, Court will on the basis of common law principles decide the application for injunction after examining:

1. Whether Prima facie case for infringement is made out.
2. Whether balance of convenience is in favour of the proprietor or the alleged infringer and
3. Whether the proprietor is liable to suffer irreparable loss [refer Wander versus Antox (supra)].

40. While examining question of convenience, delay in initiating action for infringement by itself is not fatal. Delay may be fatal for claiming damages. Difference has been made between mere delay and laches. Laches being prolonged delay with inaction. Laches alone is not normally considered to be a ground to reject an injunction application. There should be something in addition to and more than laches that will tilt the balance of convenience in favour of a third party viz a registered proprietor of a mark. Court will in these circumstances and in addition to laches examine whether the said delay has caused prejudice to the third party. When a proprietor allows his good will to be used by a third party and allows him to grow and expand and thereby makes the third

party believe that he has no objection to use of the mark, then the third party who has built up his sales will suffer prejudice, if he is suddenly asked to stop. However, on the question of prejudice, the onus is on the defendant.

41. While examining the question of delay, courts go into the question whether delay is inordinate and whether there is any excuse or reason for the delay. If the delay is inordinate from the date of knowledge and no ground, reason or excuse for the delay is forthcoming, coupled with the prejudice which is likely, interim or permanent injunction can be refused. While examining the question of excuse, the Court will examine the conduct of the proprietor, when and how the third party adopted the mark subject matter of action and after the proprietor came to know about the said adoption, what steps and action he had taken. Failure to immediately file a suit for injunction can always be explained by the proprietor. Registration of a similar mark in favour of the second user or separate proceedings between the parties relating to the mark or it's registration can be basis or a ground and excuse for the delay.

42. While examining the question of balance of convenience,

the courts have also held that where initial adoption itself is fraudulent, subsequent use or even prejudice does not tilt the balance of convenience in favour of a third party. If the initial adoption itself is dishonest, injunction must follow. Fraud or illegal adoption does not become valid and legal. Honesty in adoption must, therefore, be established and proved by the defendant.

43. While examining the question of balance of convenience, Court is required to take into consideration public interest i.e. interest of the buyers and the consumers. If public interest is affected, delay is of no consequence .

44. In view of the entire case law discussed above, the following principles of law emerge:-

(i) Mere delay is not sufficient to defeat grant of injunction in cases of infringement of trade mark. Delay is not a bar to enforce and claim a legal right.

(ii) Consent in addition to other statutory defences is a complete defence to action for infringement.

(iii) Consent may be expressed or implied but inaction in every case without anything more does not lead to an inference of implied consent. Implied consent means conduct

inconsistent with claim of exclusive right over the trade mark, trade name etc. Implied consent implies standing by or allowing the defendant to invade rights and by conduct encouraging the defendant to expend money, expand business, alter their condition etc. in contravention of the rights of the proprietor. In the case of Power Control Appliances versus Sumeet Machines (P) Limited (supra), Supreme Court has held that acquiescence implies positive act and not merely silence or inaction as is involved in laches.

(iv) Defences under the common law are also available to the defendant. Prior user is a valid defense.

(v) Balance of convenience between the parties should be taken into consideration by the Court, while deciding the question of grant of injunction. Unexplained laches accompanied by prejudice and/or other reasons can be a ground to deny injunction. However, prejudice in such cases does not mean mere simplicitor delay. Onus in this regard is on the defendant.

(vi) Where initial adoption by the defendant itself is vitiated by fraud and/or is dishonest, delay is not a valid ground to

allow misuse. If user is at the inception is tainted by fraud and dishonesty, continuous use does not bestow legality.

(vii) Interest of general public who are the purchasers and buyers has to be protected. In case to protect general public/consumers, injunction order is required to be passed, delay by itself is not un-surpassable obstacle.

45. Reading of the above paragraphs and the judgments referred to show that certain broad parameters have been formulated and applied by the courts to decide whether in a case for infringement, interim injunction should be granted. However, at the same time facts and circumstances of each case have to be carefully scrutinised, whether there is honest and concurrent user, implied or express consent, fraud or tainted initial user, public interest, etc., to determine and decide whether interim injunction should be granted.

C. ***Honest and concurrent user as defence to action for infringement***

46. On the basis of Section 12(3) of the Act, the appellant had submitted that no interim injunction order should be passed in favour of the respondent. Section 12 of the Act reads as

under:-

> **"12. Prohibition of registration of identical or deceptively similar trade marks**.(1) Save as provided in sub-section (3) no trade mark shall be registered in respect of any goods or description of goods which is identical with or deceptively similar to a trade mark which is already registered in the name of a different proprietor in respect of the same goods or description of goods.
>
> (2) Where separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or nearly resemble each other in respect of the same goods or description of goods, the Registrar may defer the acceptance of the application or applications bearing a later date until after the determination of the proceedings in respect of the earlier application, and may dispose of such application or applications in the light of the evidence tendered in relation to earlier application and the oppositions thereto, if any.
>
> (3) In case of honest concurrent use or of other special circumstances which, in the opinion of the Registrar, make it proper so to do, he may permit the registration by more than one proprietor of trade marks which are identical or nearly resemble each other (whether any such trade mark is already registered or not) in respect of the same goods or description of goods subject to such conditions and limitations, if any, as the Registrar may think fit to impose."

47. Sub-Section 1 of the said Section states that no trade

mark in respect of goods or description of the goods identical or deceptively similar to a trade mark which is already registered in the name of a different proprietor shall be again registered in name of a third person. Sub-Section 3 is an exception to the general rule and states that in cases of honest and concurrent use registration of same trade mark can be made in favour of more than one proprietor, subject to conditions and limitations, if any, that the Registrar may impose. It is well settled that the power of registration under Sub-Section 3 of Section 12 is a discretionary power. It is also well settled that requirements of Sub-Section 3 of Section 12 is honest as well as concurrent use by a third person other than the registered proprietor. The onus is on the third person to show and establish that the conditions of said Sub-Section are satisfied. The Registrar while deciding a plea under Section 12(3) of the Act has to take into account the following factors:-

(a) The honesty of adoption and use by the third person.

(b) The concurrent user with reference to duration, area and volume of sales of the third person.

(c) Public convenience and whether public is liable to be

confused due to resemblance of the two marks, whether there have been instances of confusion.

(d) Balance of convenience and/or inconvenience to the public if the mark of the third party is registered.

However, it must be remembered that Section 12(3) relates to registration of trade marks by a third person and is exception to the general rule of registration. In the present case the respondent has benefit of registration of various trade marks in his favour and this Court is not deciding or adjudicating whether or not the Registrar should have granted registration in favour of the appellant by exercising its discretionary power under Section 12(3) of the Act.

49. It may also be stated here that the appellant had filed objections under the various provisions of the Act for removal of and expunging trade mark containing the words “Panchhi Chaap”. These objections have been dismissed by the Intellectual Property Appellate Court vide order dated 16th November, 2006. Learned tribunal has held that the registration is valid and statutory advantages and presumptions under Section 32 of the Act have accrued in favour of the respondent. The other grounds on which challenge to registration was made were also dismissed.

50. Section 28 of the Act confers certain rights on a proprietor of the registered trade mark like the respondent. The said proprietor has exclusive right to use the trade mark in relation to the goods in respect of which trade mark is registered and obtain relief in respect of infringement. Section 29 provides for consequences on infringement of the trade mark. Section 30 of the Act is a non-obstante clause and stipulates that the acts which do not constitute infringement of a right to use the registered trade mark. Section 30(1)(b) of the Act provides that expressed or implied consent to use a trade mark by a third person does not amount to infringement. Section 30 does not use the expression 'honest and concurrent user'. However, courts have allowed defendants to set up defence on the basis of honest and concurrent user.

51. In the present matter, the appellant had made an application for registration of trade mark “Udta Panchhi” through it's predecessor in interest Mr. Krishan Bansal, then trading as sole proprietor of “Bansal Tobacco Store”. This application was opposed by the respondent. The Registrar of trade marks vide order dated 17th November, 1973 allowed the application of the appellant relying upon Section 12(3) of the

Act and granted registration of the mark "Udta Panchhi" in favour of the appellant. The respondent thereafter filed a petition under Article 227 of the Constitution of India before the Delhi High Court and the operation of the order passed by the Registrar was stayed. This petition under Article 227 of the Constitution of India was disposed of on 5th March, 2003 with the appellant making a statement that he was no longer interested in pursuing his application for registration and he shall be at liberty to file an appropriate application before the Registrar after making changes in design of the trade mark. It was stated that the appellant had made changes in design of the trade mark of the label, that he wanted to adopt and in respect of which he would be filing an appropriate application. In view of the statement, the petition under Article 227 of the Constitution of India was disposed of as infructuous with the clarification that the said petition had not been disposed of on merits and nothing mentioned in the impugned order passed by the Registrar would go to the detriment of the respondent and to the benefit of the appellant herein.

52. Honesty of adoption at the initial stage itself has to be established to take benefit of concurrent registration under

Section 12(3) of the Act. If the user at the inception is dishonest, subsequent concurrent user will not purify the dishonest intention. Commercial honesty at the initial stage of adoption is required. What is protected is innocent use of a mark by two or more persons unknown to each other and unaware of the mark used by the other. Adoption must be honest, bonafide and without any knowledge on the part of the adopter. The onus and burden is on the defendant to show that the user and adoption at the initial stage was honest.

53. It is not the case of the appellant that the mark "Panchhi" was being simultaneously and extensively used by number of parties. The respondent had adopted and started using the trade mark Panchhi Chaap in 1973. From 1974 till 1989, they procured five separate registration under the Act. The word "Panchhi" is not common to tobacco and is not a generic or descriptive word relating to chewing tobacco.

54. The appellant claims to have adopted the mark "Udta Panchhi" in 1982 and had moved an application for registration in 1990. Admittedly, therefore, the respondent is a prior user. As per figures placed on record by the respondent between the period 1973-74 he had sales under the trade mark/label

"Panchhi Chaap" varying between Rs.1,43,950/- to Rs.5,71,690/- per annum. The sale figures are substantial keeping in view the purchasing power and value of Rupee during this period. Prima facie, it appears that the appellant was aware and had knowledge about the trade mark "Panchhi Chaap", when he adopted the trade mark "Udta Panchhi" in 1982 in respect of chewing tobacco manufactured by him. Admittedly, in the initial years from 1982 till 31st march, 1985, the sales of the appellant's predecessor varied between Rs.2,452/- to Rs.24,735/- only. Pricing of the products is also virtually same and the users are common. No doubt get-up, colours etc. of the wrapper of the appellant was/is different from that of the respondent but the word "panchhi" is common and the word "panchhi" with drawing of a flying bird is the most distinct and essential feature in both the wrappers. Chewing tobacco as already stated above is used by semi educated and illiterate persons in mostly cities, small towns and villages. Being persons belonging to the same trade and dealing with same goods, it is difficult to believe at this stage that the appellant was not aware of the mark "Panchhi" at the time of initial adoption and use in 1982. In these circumstances,

prima facie it is not possible to hold that the initial adoption by the appellant was honest. Prima facie it is difficult to believe that the appellant or his predecessor in interest was not aware that the respondent was marketing and selling chewing tobacco under the trade mark “Panchhi Chaap”. However, it is clarified that this finding is subject to evidence which will be adduced by the parties. Observations made above are not binding and it will be for the trial court to adjudicate and decide this aspect on the basis of evidence. (The appellant has filed a chart giving details of its turnover duly certified by a chartered accountant . This chart was not filed before the trial court and shall have to be proved by evidence.)

Principle of Reverse Confusion

55. It was submitted on behalf of the appellant that the principle of reverse confusion is applicable to the facts of the present case and the said doctrine has been accepted in ALLIANZ reported in 2002 (24) PTC 177 Del. The doctrine of reverse confusion comes into operation when a third person's good or service enjoys a better reputation in the market than those of the registered proprietor and the situation is reverse in the sense that customers are likely to approach the registered

proprietor's goods/service thinking that they are of the third person. It is the reverse of the traditional confusion. I do not think this situation exists in the present case. The Registered user does not want to ride on the goodwill and mark of the subsequent user. Merely because sales of the appellant are higher in volume or monetary terms, it does not mean that doctrine of reverse confusion is applicable.

(D) Whether the suit filed by the plaintiff is for infringement on basis of 1974 registration is maintainable.

56. It is admitted by the appellant that the respondent has as many as five separate registrations under the Act. It is, however, stated that all registrations except Registration No. 297415 are subsequent to appellant's established user since 1982. Relying upon Section 33 of the Act and Section 34 of the Trade Marks Act, 1999, it was submitted that no case for infringement is made out against the appellant except for Registration No. 297415. With regard to the said registration, it was submitted that distinctive label as a whole was registered and the said registration would not give any exclusive right to the respondent in respect of particular word or name mentioned in the label. Reliance was placed upon

Registrar of Companies versus Ashok Chandra reported in 1955 (2) SCR 252. It was further submitted that though in some cases test of “essential features” has been prescribed but those decisions relate to cases in which words have been registered and not the entire label. Reliance was also placed upon Section 17 of the Trade Marks Act, 1999.

57. This question need not detain me in view of the recent decision of the Supreme Court in the case of Ramdev Food Products (supra). The Supreme Court referred to sections 15 and 17 of the Act and held that deception could be in respect of any prominent feature of the registered trade mark. While referring to Ashok Chandra's case (supra), Supreme Court noticed that the word 'shree' was not regarded as an important feature of the device, so as to give exclusive statutory right to the proprietor. It was also held that the said case was decided on its own facts. Reading of the decision of the Ashok Chandra's case (supra) also shows that the issue involved was in respect of registration of trade mark and the Registrar as a matter of practice had in several cases refused to register “shree” as a trade mark or a disclaimer was enforced if it was a part of the trade mark. The Court held that it would be

invidious discrimination in case the word “shree” used as a part of the trade mark label was held to be exclusive property of the registered proprietor. Statutory right it was held, did not exist in the word “shree”. Section 13 of the Trade Marks Act, 1940 was referred to. Reference was made to tendency on the part of some proprietors to expand operation of their trade mark beyond legitimate four corners. The Registrar, as a matter of fact, found that the word “shree” was not adapted to distinguish the goods of the proprietor and, therefore, registration without disclaimer would cause embarrassment to other traders. Contention of the appellant therefore has to be rejected. The respondent is entitled to sue for infringement.

(E) Whether the respondent is a registered owner of the registered mark :

58. On behalf of the appellant it was argued that Shiva Tobacco Company in whose favour the trademark was registered in the year 1974 is not the same Shiva Tobacco Company which has filed the suit for damages and injunction against the appellant. It was stated that Shiva Tobacco Company in 1973-74 had four partners including late Mr.Mahender Bansal and late Mr. Shiv Prasad Aggarwal had

expired in 1980 and 1982 respectively. Reference was made to Section 42 of the Partnership Act and it was stated that on dissolution of a firm, the partners are not entitled to appropriate it's property including goodwill. It was claimed that the partnership firm-Shiva Tobacco Company stood dissolved in 1982 and thereafter the partners were entitled to the value of their share in the assets and the registration under the Act in favour of the said firm ceased to exist.

59. It is difficult to accept the said contention of the appellant. It is admitted by the appellant that Shiva Tobacco Company was a registered proprietor of the label containing the word “Panchhi Chaap”. There is a distinction between reconstitution of a partnership firm and dissolution. Initially, the respondent-partnership firm consisted of the father and his three sons. Father and one son died but two other sons have continued as partners of the firm Shiva Tobacco Company without any objection and hindrance from any legal representative of the partners who have expired. There is nothing on record to show that the partnership firm-Shiva Tobacco Company consisting of two brothers is not the registered owner of the mark containing the word “Panchhi

Chhap" registered in 1974. Intellectual Property Appellate Board in its order dated 16th November, 2006 has accepted the plea of the respondent in this regard. Prima facie on the basis of documents and pleading of the parties it cannot be said that the respondent-Shiva Tobacco Company is not the owner of the registered trademark.

(F) Merits and prima facie facts

60. I have already referred to my prima facie finding on the question of initial adoption by the appellant of the mark "Panchhi" and held that the same is not honest. With these findings, it cannot be said that in equity the respondent is not entitled to any relief of injunction.

61. Matter has also to be examined from the question of balance of convenience. It was submitted that there was 23 years delay on the part of the respondent to ask for injunction including 10 years during which the matter had remained pending in Courts. It was submitted that sales of the appellant under the mark "udta panchhi" exceed the sales by the respondent under the mark "panchhi chaap". It was submitted that in view of the exceptional circumstances and delay, it would be unjust and unfair to grant interim injunction against

the appellant. Reference was made to substantial amounts that have been spent by the appellant on advertisements and publicity.

62. In order to decide this question, with reference to the legal position explained above, some facts may be noticed. It is admitted that the respondent had started marketing chewing tobacco from 1973 in the name and style of “panchhi chhap”. Its label containing the word “panchhi” with the image of a flying bird were registered in 1974. The sale figures of the respondent from 1973-1982 show that the sales had varied between Rs.1,43,950/- to Rs.5,21,645/- for the year 1982-83.

63. The sales of the respondent as per the figures given by him was Rs.24,735/- and Rs.2,452/- in the year 1982-1983 and 1983-1984 and Rs.11,021/- in 1984-85. The sales of the appellant were in the range of Rs.1,83,000/- to Rs.2,64,000/- between the period 1985-86 and 1987-88. Thereafter, there was a jump in the year 1988-89, when the sales reached figure of Rs.5,22,000/-, with further increase to Rs.8,80,000/- in the year 1989-90. Jump was again seen in the year 1991-92, when the appellant claims he had turn over of more than Rs.33.50 lacs. In the year 1992-93, the sales reached almost

Rs.59 lacs. In the year 1993-1994 sales were more than Rs.74.59 lacs. As per the appellant his total sale is more than Rs.7 crores. In comparison sales of the respondent under the mark “panchhi chhap” were about Rs.1 crore in the year 1995-96.

64. The above figures show that from 1989 onwards sales of the appellant had increased and picked up. In the year 1990, the appellant had applied for registration of the label including the word “udta panchhi” under the Act. This was objected to by the respondent. The objections remained pending for some time but in 1993, the objection was overruled and registration was granted in favour of the appellant. The respondent challenged the said direction by filing Civil Miscellaneous Main Petition in the Delhi High Court against the registration granted in favour of the appellant and operation of the order passed by the Registrar was stayed. The explanation given by the respondent is that from 1990 onwards parties have been in litigation relating to the mark “panchhi”. The appellant had succeeded in getting registration in his favour in 1993 by

relying upon section 12(3) of the Act. In these circumstances the respondent could not have filed a suit for infringement against a registered owner. Therefore, there is no question of acquiescence on the part of the respondent. The respondent was not keeping quiet but contesting the claim of the appellant. (I am not going into the question whether acquiescence should be positive.) In the present case, the respondent had protested and objected to registration of the trade mark including the name “panchhi” with the flying bird. In 1993 the matter was decided in favour of the appellant, though operation of the order was stayed by the High Court by an interim order. However, the respondent has explained that an getting injunction order from a Court on the basis of infringement of trade mark in these circumstances was impossible. It was only on 5th September, 2003 that the Civil Miscellaneous Main No. 474/1993 was disposed of with the appellant withdrawing his request for registration of the mark. It cannot be said that the respondent had remained quiet and silent and allowed the appellant to knowingly use and expend money before filing the suit in 1997. The appellant was fully conscious of the objection raised by

the respondent to the use of the word “panchhi” with the flying bird. The appellant took risk in spite of the objection raised by the respondent. It is unfortunate that adjudication takes time but delay in decisions by itself cannot cause prejudice to the statutory rights of the parties. The explanation given by the respondent at least after 1990 prima facie does not disclose acquiescence or laches coupled with estoppel. If the appellant continued with the mark “panchhi” with the flying bird, it was at his own risk. The appellant was fully aware of the consequences.

65. As far as period 1982-90 is concerned, the matter requires trial and evidence. There is no evidence or material on record to show that during this time the respondent had knowingly kept quiet. Till 1985-86, turn over of the appellant was small and till 1989 there was a marginal increase in sales and only a small amount was spent on advertisement. Another important fact, which may be noticed is that the first newspaper advertisement placed on record with regard to use of the mark “udta panchhi” relates to October, 1992. For the period prior to 1992, no advertisement has been placed on record. Reference may also be made to discussion under the

heading “whether respondent is guilty of fraud and concealment of facts”.

66. However, this is merely a prima facie view and the question whether the respondent had knowingly kept quiet till 1990 and the legal consequences thereof will have to be decided in the light of evidence led by the parties in the trial.

(F) ***Whether respondent is guilty of fraud and concealment of facts.***

67. The appellant has highlighted that the respondent in the plaint has failed to mention the proceedings between them and Bansal Tobacco Store, orders passed by the Registrar of Trademarks and also made false statements about their total expenditure on advertisements. It was also argued that the respondent has given wrong date, March, 1997, relating to cause of action as the respondent was aware that the mark “Udta Panchhi” was being used since 1990. Reliance was placed upon several decisions in which it has been held that a person who conceals or makes misrepresentation in the plaint, is not entitled to discretionary relief of injunction.

68. There cannot be any quarrel with the above proposition. However, the question is whether the respondent is guilty of

concealment of facts and/or has made any misrepresentation. The respondent has submitted that he was not aware of any association between Ansul Industries and Bansal Tobacco Store and therefore the facts relating to claim of Bansal Tobacco Store and the proceedings between the two were not mentioned in the plaint. It was also stated that change in name from Bansal Tobacco Store to Ansul Industries was not informed to the Registrar of Trademarks.

69. Prima facie, I find merit in the submission made by the respondent. One of the reasons for this prima facie finding is that the respondent has not gained anything by concealing facts relating to claim made by Bansal Tobacco Store in respect of the label “Udta Panchhi”. Concealing these facts would not have served any purpose as the history of litigation and claim of Bansal Tobacco Store was equally well-known and in the knowledge of Bansal Tobacco Store and Mr.Anand Bansal. On the basis of the plaint, ex-parte injunction Order dated 15th May, 1997 was passed in favour of the respondent and against the appellant herein. Thereafter, written statement and application under Order XXXIX, Rule 4 of the Code was filed by the appellant pointing out that Ansul Industries was

successor of Bansal Tobacco Store. The respondent on 23rd May, 1997 fairly conceded before the Trial Court that the ex-parte injunction Order may be suspended and the matter may be fixed for arguments on merits. Thus, the respondent acted fairly after the relevant facts relating to succession of Bansal Tobacco Store by Ansul Industries were disclosed and came to the knowledge of the respondent. The application for interim injunction thereafter remained pending from 1997 till it was decided vide Order dated 30th July, 2005, after taking into consideration respective stand of the parties.

70. Though it is claimed by the appellant that Mr. Anand Bansal changed the name of his sole proprietorship concern from M/s Bansal Tobacco Store to M/s Ansul Industries in or about 1994, there is no evidence and material to show that this fact was communicated and informed to the Registrar or the respondent.Documents filed by the appellant show that Mr. Anand Bansal was using the name Bansal Tobacco Store as well as Ansul Industries in 1994. As per documents filed by the appellant, Bill No. 12 dated 8th May, 1994 was issued by Ansul Industries in favour of the Bansal Tobacco Store. There are letters written in the years 1991-94 on the letter head of

Ansul Industries relating to account of Bansal Tobacco Store. The registration with the Central Excise in the name of Ansul Industries was done in 1995 as per certificate dated 20th March, 1995. Similarly, the certificate issued by Central Excise in favour of Anand Kumar Bansal, proprietor Bansal Tobacco Store is dated 1992. Prima facie, therefore, it appears that the respondent is not guilty of deliberate concealment of facts and misstatement.

71. In view of the above findings, the present Appeal is dismissed. However, the appellant is granted three months' time to comply with the injunction Order passed by the learned Trial Court and dispose of its pending stock/wrappers, etc.

72. It is also clarified that the observations made in this Order are tentative and based on prima facie view taken by this Court. Learned Trial Court will dispose of the Suit on the basis of evidence adduced by the parties and without being influenced by any of the observations on facts made in this Order.

73. In the facts and circumstances of the case, there will be no order as to costs.

(SANJIV KHANNA)
JUDGE

January 16th , 2007
VKR/P